



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 11

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Memorandum

TO: EDAC

DATE: June 4, 2009

FR: Craig Goldblatt, MTC Staff

W. I.:

RE: New Federal Transportation Authorization Act — Framework and
Schedule for Cycle Programming (STP/CMAQ)

Background

The region has programmed all of its expected federal Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA) apportionment and we are in the final fiscal year of the act. As the region faces the close of SAFETEA on September 30, 2009, an expeditious approach will guide upcoming programming decisions for the new federal surface transportation act (New Act) funding. While the exact fund program categories in the new authorization are not yet known, there is a likelihood that the future funding programs will overlap to a great extent with projects that are currently eligible for funding. Furthermore, we expect that the next one or two years of funding most likely will be authorized through an extension of SAFETEA and its programs.

The starting point for making the New Act's funding and strategic delivery decisions should be guided by Transportation 2035 regional transportation plan, which was adopted by the Commission last month. The plan provides a critical backdrop for setting priorities for the new funding that will become available under the New Act. In particular, Transportation 2035 stressed investments for federal Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funding in the following areas:

- Ongoing commitments to system maintenance and preservation;
- Climate Protection Initiatives;
- System operations on the State Highways;

- Bicycle/pedestrian programs;
- Transportation for Livable Communities (TLC); and
- Continuation of Regional Operations programs, such as 511 and TransLink[®].

Further, funding decisions should be strategic, responding to and seizing on opportunities to deliver system-wide improvements as well as to address critical projects that might be postponed due to unforeseen budget crises. For example, in the past, the region directed STP and ARRA funds to jumpstart construction projects when state funds were not immediately available.

Recent Programming Activities

Under the American Recovery and Reinvestment Act of 2009 (ARRA) roughly \$660 million of funding was made available for critical transportation needs in the Bay Area, which could be implemented quickly with the objective of jumpstarting the economy. The following ARRA investment actions are necessary to inform future policy decisions on funding:

1. ***System Preservation:*** Most State and Regional ARRA funds have been set aside to address System Preservation needs for transit, streets and roads as identified in Transportation 2035. \$145 million has been programmed to streets and roads rehabilitation projects and \$286 million has been programmed to transit rehabilitation projects.
2. ***Safety and Freeway Performance Initiative projects:*** ARRA included \$32 million for cost-effective and timely improvements to system operations.
3. ***Transit Expansion:*** \$70 million kick starts the Oakland Airport Connector, a key regional transit connection.
4. ***Advance Proposition 1B to Construction:*** \$105 million funds are being directed to close funding gaps in the Proposition 1B program to allow stalled projects that are otherwise ready to go to move forward. With this funding MTC is further leveraging state funds to deliver the SR-24 Caldecott Tunnel Fourth Bore.
5. ***SMART Highways:*** \$14 million delivers two SMART highway projects: the Alameda I-580 EB Express Lane element and the Santa Clara SR-I 880/SR 237 Express connector.

6. ***Transportation Enhancements:*** \$9.6 million of ARRA funding will deliver the transportation enhancements (TE) program on existing bicycle and pedestrian projects. After considering a regional investment for U.S. 101 in Belmont, \$7.5 million will be available in state TE funding for future projects.

MTC also entered into a private placement bond purchase to keep \$200 million in Proposition 1B highway projects in construction.

Funding Estimate

As noted above, without a New Federal Transportation authorization or even a proposed bill, MTC can only make preliminary revenue estimates. Therefore, we will reconcile revenue levels following enactment of the New Act, and also address any changes in eligibility of revenue categories. For example, STP/CMAQ revenue is estimated at roughly \$1 billion over the New Act estimates, assuming a four percent growth rate.

The region's overall capacity to address priority investment categories in the first few years of the Transportation 2035 plan extend beyond the New Act's STP/CMAQ programming estimate. All told, roughly \$1.1 billion will be part of the New Act programming framework discussion. This includes recent ARRA funding actions, including an additional \$105 million in RTIP/CMIA bond funding capacity as well as \$7.5 million in TE for programming consideration. Attachment A summarizes both the ARRA programming as well as the estimated funding to be discussed as part of the New Act's programming.

MTC staff recommends that we consider the funding in three tranches:

1) ARRA Backfill (\$105 million); 2) First Cycle (first three-years of the New Act, or FY 2009-10 to FY2011-12); and 3) Second Cycle (last three-years, or FY2012-13 to FY2014-15.)

Proposed Programming Principles

MTC staff has developed some general principles for discussion that would guide New Act programming development, and is seeking feedback from our partners and advisors.

- **Maintain critical on-going programs:** Focus first on continuing fundamental programs that have critical funding needs in Cycle 1. These include planning activities, regional operational programs, Pavement Technical Assistance Program (PTAP), and statutorily required Federal-Aid Secondary (FAS) investments. Additionally, the region will make paying back borrowed state funds a higher priority.
- **Seize opportunity to deliver system-wide improvements:** Another focused funding priority is the Freeway Performance Initiative, a ready-to-go, cost-effective, high performing program. This program addresses traffic congestion on State highways throughout the Bay Area.
- **Fund core Transportation 2035 categories:** Establish a framework for funding key Transportation 2035 programs such as System Preservation (Transit, Streets and Roads), Climate Initiatives, Transportation for Livable communities, and Bike and Pedestrian Projects. Establish an appropriate level and sequence of the funding by considering both ARRA and STP/CMAQ capacity.
- **Direct some ARRA backfill capacity to strategic investments and regional commitments:** In addition to the nearly 80 percent of funding invested in system maintenance, ARRA funding also included some key strategic investment recommendations. Some capacity from the ARRA backfill should also focus on complementary areas such as freight/goods movement, transit efficiency, system management, and regional commitments.

Schedule

Please refer to Attachment B for a summary of the schedule for the development of Cycle 1 funding for the New Act. The proposal will be developed in concert with the Bay Area Partnership during the months of June and July 2009. In September 2009, staff expects to take a recommendation to the Programming and Allocations Committee, to be forwarded to the full Commission for adoption. Staff will present this information at your June 4, 2009 EDAC meeting, answer any questions, and request input.